

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7389

BILL NUMBER: SB 644

DATE PREPARED: Jan 20, 1999

BILL AMENDED:

SUBJECT: Graduated Individual Adjusted Gross Income Tax.

FISCAL ANALYST: Diane Powers

PHONE NUMBER: 232-9853

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues		(3,700,000)	(8,700,000)
State Expenditures			
Net Increase (Decrease)		(3,700,000)	(8,700,000)

Summary of Legislation: This bill establishes a graduated individual income tax that ranges from 2.8% of adjusted gross income of less than \$32,000 for a husband and wife filing a joint return and \$16,000 for a person filing a single return to 5.6% of adjusted gross income of at least \$150,000 for a husband and wife filing a joint return and \$75,000 for a person filing a single return.

Effective Date: January 1, 2000.

Explanation of State Expenditures: The Department of Revenue will have some administrative expenses to change tax forms, instructions, computer programs to adjust for the new rate structure.

Explanation of State Revenues: For tax years beginning January 1, 2000, the rate of taxation of individual adjusted gross income will be based on the following levels:

Taxpayers filing Single Returns- Portion of Adjusted Gross Income	Taxpayers filing Joint Returns- Portion of Adjusted Gross Income	Tax Rate
Less than \$16,000	Less than \$32,000	2.8%
\$16,000 to \$29,999	\$32,000 to \$59,999	3.4%
\$30,000 to \$74,999	\$60,000 to \$149,999	4.8%
\$75,000 and above	\$150,000 and above	5.6%

These new rates are estimated to reduce individual income tax revenue by \$3.7 in FY 2000 due to five months where withholding may change and \$8.7 M in FY 2001.

Individual income tax revenue is deposited in the General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Revenue.

Local Agencies Affected:

Information Sources: Department of Revenue; Legislative Services Individual Income Tax Model.